CANADA URBAN INSTITUTE

Canada-Bosnia and Herzegovina Local and Cantonal Government Cooperation Program

Second Narrative Report
(September 01-December 31, 1998)

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CANADIAN URBAN INSTITUTE

CANADA-BOSNIA AND HERZEGOVINA LOCAL AND CANTONAL GOVERNMENT COOPERATION PROGRAM (CBiHCP)

Second Narrative Report

For the Period: October 1 to December 31, 1998

SUMMARY

Introduction

The Canadian Urban Institute (CUI), with funding from the Central and Eastern Europe Branch of CIDA, is managing the *Canada-Bosnia and Herzegovina Local and Cantonal Government Cooperation Program (CBiHCP)*. The goal of this 15-month technical cooperation program is to promote good governance by supporting decentralization and building the capacities of local governments in Bosnia and Herzegovina (BiH). Its objective is to build the capacity of local and cantonal governments in the Tuzla-Podrinje Canton (Federation) to undertake strategic urban management through the transfer of expertise from Canada and CEE countries.

This document, the Second Narrative Report, provides an analysis of activities and results of the program to date, focusing on the quarter from September to December 31, 1998.

Activities in this Reporting Period

The main activities conducted during this reporting period include:

- ***Held the "Forum on Strategic Planning -- Vision of Cantonal and Municipal Development" in December 1998*** for approximately 75 participants from local government, professional institutes, NGOs and private business associations covering the topics of local governance trends, participatory strategic planning and local economic development. Participants came from TPK as well as other cantons in the Federation and the Republika Srpska. A Canadian local government professional led the forum, and provided case studies on strategic planning, economic development and the changing role of local government.
- ***Ed Sajecki***, (the voluntary Canadian professional who led the December seminar) ***also assisted in conducting a series of informal meetings with key stakeholders to design the project's capacity building programs; and providing informal job-coaching and professional advice*** to key representatives from the City of Tuzla, the Canton and the Institute for Urbanism in the areas of economic development and strategic planning.
- ***The first draft of the contextual analysis of the state of local governance in the Tuzla region and identification of capacity building needs has been completed.*** IUT staff, with the assistance of CUI's Local Project Manager, are expected to finalize the contextual analysis during the next reporting period.

- ***The capacity building needs of the training modules have been determined.*** They are: a) strategic planning; b) economic development, c) official plan formulation and d) project and plan implementation. A Canadian professional has been identified to lead and coordinate the training modules. He will be travelling to the project in February 1999 on assignment to begin, together with the IUT and other key partners, designing the modules and setting dates for subsequent workshops and training sessions.

- ***A cooperation agreement was signed*** in October 1998 setting forth the obligations and responsibilities of the two partner organizations.

- ***The project Steering Committee (SC) and the project management team have been established*** to oversee the work of the project and to act as a participatory forum for providing strategic advice on its implementation. The SC held its first meeting in October.

- ***The CBiHCP program was publicized in the media.*** Some of the televised meetings occurring during this reporting period include:
  - a televised meeting with Selim Beslagic, Mayor of Tuzla in October 1998 discussing the priorities of the City of Tuzla and where the Canadian program fits within the priorities.
  - televised coverage of the December 1998 forum on strategic planning. This included several interviews with IUT professionals.

- ***Set up of the CUI-BiH Office and local project management systems in BiH have been completed.***

- ***Ongoing professional advice and job coaching of IUT staff by Canadian Local Project Manager Mort Jackson in areas such as intergovernmental cooperation, strategic planning, budgeting, economic development, public-private partnerships.***

- ***Strong linkages have been established with several international and Bosnian organizations*** including: the Tuzla Agency for Local Development Initiatives (TALDI) exploring the potential for jointly establishing a local development council for information exchange and to coordinate local development initiatives; the National Support Unit (NSU) in coordinating and co-funding the December 1998 "Forum on Strategic Planning -- Vision of Cantonal and Municipal Development"; and the United Nations Office for Project Services (UNOPS) is supporting local government professionals from the Una Sana Canton to participate in CUI activities. The project is also coordinating with other international and local organizations to ensure complementarity and to explore areas of future collaboration.

Outputs

The main outputs during this quarter that are attributable to this program are the following:

- ***A Strategic Planning and Economic Development Seminar*** (called the "Forum on Strategic Planning – Vision of Cantonal and Municipal Development") held to provide participants with exposure to key urban management concepts such as strategic planning, economic development, stakeholder participation in planning and

intergovernmental cooperation.

- ***A multi-stakeholder steering committee established***, to ensure the program addresses local needs and to eventually provide coordination support after the completion of the Canadian program.
- ***Project and financial management systems are in place*** (including a workplan, staffing and a draft CUI-IUT cooperation agreement) to allow CUI and IUT to implement the project in an efficient and effective manner in a spirit of cooperation.
- ***Information on Canada's first local government capacity development program in BiH has been disseminated in the local media***, raising awareness of local stakeholders and international agencies of the Canadian presence and objectives.
- ***Exposure of local stakeholders to new ideas in local governance as well as assistance in defining their own capability-building needs.***

Outcomes and Impacts

- An increased awareness among local and cantonal authorities of the need for transparency, stakeholder participation and sound planning in the management of their affairs.

Planned Activities for Next Reporting Period

- ***The contextual analysis will be finalized*** to define the state of local governance in the Tuzla region and to set forth needs with respect to capability building.
- ***A Canadian professional leading the development of the training modules will be undertaking an assessment mission in February 1999*** to begin developing the materials and set dates for the delivery of the training.
- ***An informal early project evaluation mission will be undertaken*** during the next reporting period by the Canadian Embassy in Sarajevo.
- ***Ongoing professional advice and job coaching of IUT staff by Canadian Local Project Manager Mort Jackson in areas such as intergovernmental cooperation, strategic planning, budgeting, economic development, public-private partnerships.***
- ***A proposal to fund some of the hard expenses related to the delivery of the training modules*** will be submitted to the Fiscal Decentralization for Central and Eastern Europe (FDI-CEE). It is anticipated that approval will be granted before April 1999.

Monitoring and Evaluation

The CUI has developed a monitoring and evaluation system to measure and analyze the program's outputs, reach, outcomes and impacts according to indicators identified in the RBM framework of the contribution agreement.

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GLOSSARY OF ACRONYMS AND TERMS

BiH	Bosnia and Herzegovina
Bosniaks	Bosnian Muslims
CBiHCP	Canada-Bosnia and Herzegovina Local and Cantonal Government Cooperation Program
CEE	Central and Eastern Europe
CIDA	Canadian International Development Agency
CUI	Canadian Urban Institute
ECHO	European Community Humanitarian Office
HDZ	National Croatian Democratic Union (Bosnian-Croat nationalist party)
FDI-CEE	Fiscal Decentralization Initiative (a joint effort of the World Bank's Economic Development Institute, Council of Europe, Organisation for Economic Co-operation and Development, United States Agency for International Development, Danish Ministry of the Interior, German Development Agency, Italian Ministry of Foreign Affairs, CUI and CIDA.)
GFAP	General Framework Agreement for Peace in Bosnia and Herzegovina
ICVA	International Council of Voluntary Agencies
IUT	Institute for Urbanism Tuzla
NATO	North Atlantic Treaty Organization
NSU	National Support Unit (Bosnian NGO supported by UNHCR, SIDA, ECHO)
OHR	Office of the High Representative
OSCE	Office of Security Cooperation in Europe
RBM	Results-Based Management Framework
RS	Republika Srpska
SDA	Democratic Action Party (Bosniak nationalist party)
SIDA	Swedish International Cooperation and Development Agency
SFOR	Stabilization Force (NATO and other participating countries)
TPK	Tuzla-Podrinje Canton
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development

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CANADA-BOSNIA AND HERZEGOVINA LOCAL AND CANTONAL GOVERNMENT COOPERATION PROGRAM (CBiHCP)

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For the Period: October to December 31, 1998

1. INTRODUCTION

November 1995 marked the signing of the Dayton Accord which ended the war in Bosnia and Herzegovina (BiH). It also divided the country into two autonomous regions (the Federation and the Republika Srpska) and imposed a new governing structure on the country. Just over three years later, the country remains in a fragile state. Efforts continue to be placed on the coordination of humanitarian assistance and reconstruction — a task that will likely continue for several years. Increasingly, though, attention is turning to the need to make the decentralized governance system decreed by the Dayton Accord operational and effective. In particular, local authorities are struggling with the difficult challenge of building local economies in order to deal with widespread poverty and to improve the delivery of essential urban services. To do so requires an adaptation of local governance methods and modes of thinking in line with those of other developed countries and the realities of a market-based economy.

The Canadian Urban Institute (CUI), with funding from the Central and Eastern Europe Branch of CIDA, is managing the *Canada-Bosnia and Herzegovina Local and Cantonal Government Cooperation Program (CBiHCP)*. The CBiHCP is Canada's first local government strengthening program in Bosnia and Herzegovina. The goal of this 15-month technical cooperation program is to promote good governance by supporting decentralization and building the capacities of local governments in Bosnia and Herzegovina (BiH). Its objective is to build the capacity of local and cantonal governments in the Tuzla-Podrinje Canton (Federation) to undertake strategic urban management through the transfer of expertise from Canada and Central and Eastern European (CEE) countries. Within this framework, the program is focused on addressing one of CIDA's priorities for the country — promoting good governance.

Delivery of the capacity building program is being conducted in partnership with the Institute for Urbanism Tuzla, a public agency responsible for planning at both the local and canton levels in the region. The main program beneficiaries are the Tuzla-Podrinje Canton (TPK) and the Municipality of Tuzla, as well as other municipalities in TPK and in other cantons. The program is drawing not just on Canadian expertise in strategic urban management, but also on CUI's experience working over several years with other local governments in CEE who have been tackling the challenges of transition. The program has also been designed to develop an enabling environment for Canada's longer-term technical cooperation in the country.

The following activities are being undertaken in the program:

1) Establishing a multi-stakeholder steering committee to provide strategic guidance to the project.
2) Conducting a contextual analysis of the state of local governance in the Tuzla region, and identify capacity-building needs.
3) Conducting a series of workshops in TPK to design the capacity-building program with local partners.
4) Producing four sets of curriculum materials corresponding to in-Canada and in-BiH training, and 1 compendium of supporting case study materials on Canadian and CEE experiences and approaches to strategic urban management.
5) Conducting a study tour and structured training program in Canada on Canadian experiences in strategic urban management for seven BiH urban professionals.
6) Delivering a 3-part structured training module in Tuzla for 40 urban professionals from TPK, City of Tuzla and other municipalities in the canton on: (1) local economic development, (2) intergovernmental cooperation and stakeholder involvement and (3) project management and implementation.
7) Disseminating the project's experiences and materials to a network of other municipalities and urban organizations in TPK.
8) Conducting a regional workshop with published proceedings to disseminate and showcase the learning experiences of the program.
9) Pursuing linkages and cooperation with other foreign-assisted technical cooperation programs.

2. BACKGROUND

2.1 The Dayton Accord and the Aftermath of the Civil War

From 1992 to 1995, Bosnia was the site of a civil war (called a "Serbian aggression" in much of the non-Serb area of the country) which resulted in the deaths of some 250,000 people and the displacement from their homes of some 2.5 million of the country's 1991 census population of 4.4 million. The war officially ended with the signing of the Dayton Accord of November 1995, which also created a new governing structure for the country.

Bosnia was a complex ethnic mosaic. In 1991, 44 percent of the population of 4.3 million declared themselves Muslims, 31.5 percent Serbs and just over 17 percent Croats. The rest belonged to other nationalities including 5.5 percent, which declared themselves "Yugoslavs." These declarations of origin (through the father's ethnicity) disguised the fact that in the pre-war years almost one-third of the marriages in Bosnia crossed over ethnic lines. Territorial ethnic mixing also characterized Bosnia before the war. The majority of the Muslims (Bosniaks) lived in the cities and towns where in most instances, and especially in Sarajevo, they co-existed with substantial numbers of ethnic Serbs and Croats. By and large the Serbian minority was more rural, forming majorities or pluralities in large areas of Bosnia — often in the regions furthest from Serbia proper. The Croat minority tended to be in areas closer to the Croatian border although there were substantial Croatian

communities in many towns of central Bosnia. Prior to the war, religion did not seem to be a dominant factor in people's lives. The war, however, has sharpened religious attachments through a clear identification of religion with ethnicity.

The "ethnic cleansing" which was a feature of the war has been partially entrenched in the enforced compromise which underlies the Dayton Accord. Part of the rationale for the actions of the Serbs, and to a somewhat lesser extent the Croats, was to create ethnically pure Serb and Croat territories that could then be annexed by Serbia and Croatia proper, with or without leaving a rump Bosniak state in the middle. The impact of the war, the ethnic cleansing and the new boundaries imposed by the peace accord has been that formerly mixed communities have tended to become homogenous on all sides of the boundary lines and few refugees have returned to their former homes in communities where they would be part of an ethnic minority. In only a few cities, such as Sarajevo and Tuzla, is there any kind of attempt to promote the continuance of a multi-ethnic society and even in both of these cities, the predominance of Bosniaks has increased, fueled by the addition of Muslim refugees and the departure of many of the Serb and Croat residents.

SFOR (Stabilization Force) military units from NATO and other countries are policing the peace in Bosnia. The civil side of the Dayton Accord is being monitored by the Office of the High Representative (OHR) — with Carlos Westendorp, Permanent Representative of Spain to the UN acting as head. The Office of Security Cooperation in Europe (OSCE) is organizing elections and other international bodies are providing humanitarian aid and assistance for reconstruction. The Dayton Accord's provisions for freedom of movement and the return of refugees to their homes have proven to be elusive targets.

2.2 A New Government Structure Mandated by Dayton

Bosnia and Herzegovina is one of the world's newest countries. It was one of the six republics of the former Federal Socialist Republic of Yugoslavia, but declared its independence in November 1991 shortly after similar declarations by Slovenia and Croatia. Its independence was recognized internationally in 1992 following a referendum, which was supported overwhelmingly Muslims (now called "Bosniaks") and Croats, but which was boycotted by Serbs.

The Dayton Accord provides for a single state for Bosnia and Herzegovina with two basic entities—the Moslem-Croat Federation (referred to as the Federation), with 51 percent of the territory and the Republika Srpska (the Serbian Republic, or RS for short) with 49 percent of the territory. Republika Srpska is essentially governed as a unitary entity although there are seven administrative regions. In the Moslem-Croat Federation, there are ten "cantons": three Muslim cantons, three Croatian cantons, and four mixed cantons. However, even in the mixed cantons de facto ethnic boundaries have emerged.

At the national level, the Dayton Accord provides for a rotating presidency, with the other two members being the elected representatives of the other ethnic parties. The national government formally has responsibility for foreign policy, foreign trade and customs duties, monetary policy, immigration, refugee and asylum policy and regulation, international and inter-entity criminal law enforcement, and regulation of inter-entity transportation. All other responsibilities not expressly assigned in the constitution to the institutions of Bosnia and Herzegovina, which include most of the functions of a modern state (economic, political, judicial system and policing, social systems etc.)

remain the responsibility of the two entities within their borders. A national house of representatives of 42 members has been provided for with two-thirds of its members from the Federation and one-third from the Republika Srpska. In addition there is a "House of Peoples" consisting of 15 members, with five delegates from each of the three ethnic communities.

In practice the two entities have carried on much as if they were independent states. The Federation has a directly elected House of Representatives and a House of Peoples selected by the cantons. The Republika Srpska has a directly elected National Assembly. Both the Federation and the Republika Srpska have directly elected Presidents. There has been difficulty getting the heads of the three communities together, an event, which normally happens only because of outside pressure. Agreement among the three has been rare.

In reality, the Office of the High Representative (OHR), established by the Dayton Accord and currently headed by Spanish diplomat Carlos Westendorp, has the overall authority to ensure that the non-military aspects of the Dayton Accord are being adhered to. Much of the office's time is taken up in monitoring the activities of international agencies and Bosnian government bodies at all levels to ensure that they are participating in the implementation of the Accord.

2.3 Local Government in the Federation

The Dayton Accord established a new level of local government in the Muslim-Croat Federation — the canton. The creation of the cantons was the result of diplomatic and political negotiation among the parties, each of which wanted the maximum amount of territory and population under ethnically based control. Just as is the case with the frontier between the two entities of Bosnia-Herzegovina, the boundary lines around the cantons are not based on environmental, economic or urban rationales. In a number of situations, cantonal boundaries divide urban areas or former municipal boundaries, either reflecting or causing new ethnic frontiers. In the Republika Srpska there are no cantons, only municipalities.

In many respects, the canton governments appear to have been given the most important responsibilities of the four levels of government in the federation. They have taken over many of the major powers of the local municipalities and have also been given some authority previously exercised by the state level itself even though they have few professional resources.

Among the cantonal responsibilities are most of the powers in the fields of education, culture, health, housing, communications, water systems, police, local economic development (including tourism development and regulation of local businesses) and taxation (although personal income tax is a function of the two entities). Cantons have also been given the responsibility for the regulation of land use, including zoning. Each of the cantons is organized like a national government with a Governor, a Prime Minister, and sectoral ministers. The various cantons are developing at different paces. The greatest difficulty in setting up effective governments is in the mixed cantons, where parallel organizations are developing. This fragmentation is exacerbated by the fact that most political parties are ethnically based and almost all the cantons are dominated by either the SDA (the nationalist Moslem party) or the HDZ (the nationalist Croatian party).

Although on paper the cantons are responsible for most local activities, the local municipalities may still be more directly relevant to the day-to-day lives of citizens. There is a tradition of strong local

government in the country, and some of the local mayors are the obvious community leaders. The powers left to local municipalities by the cantons are still somewhat undefined and vary from once place to another in the Federation (the cantonal governments have the power to delegate responsibilities down to municipalities). However, most are involved in local planning, housing, fire protection, water and sewer activities and humanitarian activities. Although there are some locally generated revenues, most municipal revenue comes from a proportion of cantonal sales, payroll or profits taxes. The two largest cities in the federation — Sarajevo and Mostar — have the status of "Grad" or city governments containing several local municipalities. A Grad has a wider formal set of powers than other municipalities. There have been discussions around the potential to form a grad in the Tuzla urban region.

Local government is in a state of flux in Bosnia and Herzegovina, and this presents many challenges. Division of local governance responsibilities between the cantons and the municipalities is still evolving, leading to confusion over roles and responsibilities and over modes of cooperation/coordination between government levels in the delivery of services. Local governments are functioning with an inadequate revenue base, which is hindering the provision of local services and making it difficult to address the major challenge of restoring basic infrastructure and housing destroyed or damaged during the war. Economic development has emerged as a key priority. The provision of basic services and obtaining revenues seem to be higher priorities in most local governments than developing effective organizational and management techniques; there is little understanding that the former depends on the latter. Adjusting at the local level to the transition to a more market-based economy is also a priority, given that Bosnia and Herzegovina never had the opportunity to enter the transition process because of the war and is therefore beginning its transition five or more years later than many other former communist countries in the region. Moreover, professional education, modes of thinking and processes still represent a previous era and remain largely out of step with the rest of Europe and with the current global reality.

2.4 Profile of the City of Tuzla and the TPK

The City of Tuzla and the Tuzla-Podrinje Canton is the focus of the Canadian program. Located in northeastern Bosnia and Herzegovina, the Canton's current population is approximately 580,000 including over 80,000 refugees, mostly Muslims from the Republika Srpska. Tuzla, the seat of the cantonal government, is the fourth largest city in Bosnia and Herzegovina with a population of 160,000 including 45,000 refugees. Prior to the war, the city was ethnically mixed with about 50 percent of the population Muslim, and approximately equal numbers of Serbs and Croats. Today over 70 percent are Muslim, about 17 percent Croat and only 9 percent Serb.

The city has had a long tradition of inter-ethnic tolerance and cooperation, which is being put to the test by the arrival of thousands of embittered survivors of atrocities from places like Srebrenica. While the cantonal government is firmly in the hands of the Bosniak party, the SDA, it has not taken a militant approach to ethnic issues. The city government has had an opposition mayor, Selim Beslagic, who is also leader of the Social Democratic party of Bosnia and Herzegovina and president of the Bosnian Union of Municipalities. He came to power with support from all ethnic groups. Relative to other cities in BiH, Tuzla is a 'model' of inter-ethnic calm.

Tuzla was an important industrial centre and was the site of the largest chemical industrial complex in the former Yugoslavia. Industrial production is only slowly recovering and many plants have not

reopened after the war. The airport is soon to reopen and rail connections are in the process of being reestablished. There is a major housing shortage in view of the numbers of refugees. Tuzla is a university town and has a good base of skilled professionals in contrast to the smaller towns in the rest of the canton.

Accurate statistics on the current state of the TPK economy, employment rates, labour force, investment and trade are difficult to come by. Indeed, in many instances they do not exist. Unsubstantiated, but commonly used numbers suggest that the formal unemployment rate may be above 50%, and that international aid, remittances from abroad and the 'grey markets' account for more than 50% of total economic activity in the TPK.

3. PROGRESS TOWARDS RESULTS

3.1 Activities

- ***The project was launched and two CUI-Canada personnel undertook the initial project set up in June 1998***. This included meeting with CUI's local partner (IUT), the participating local governments (City of Tuzla and TPK), the Federation Minister of Urbanism, various international agencies and the Canadian Embassy in Sarajevo. During this mission, the CUI team also updated its assessment of the political/economic/social/administrative situation in the country, and discussed priorities for local government capacity building. At this time, a draft workplan was developed and agreed to and the translated CBiHCP proposal was circulated to key stakeholders.
- ***Project management systems in BiH and Canada are fully established***. This includes the set up and staffing of the local project office; putting in place complementary project management systems in both Bosnia and Canada, becoming oriented with the local context, developing working relationships with partners (IUT, TPK, Tuzla Municipality), international organizations (World Bank, OSCE), and the local NGO community and implementation of a project workplan.
- ***The program has received media publicity***. There have been many media activities conducted to publicize the program locally. Some of them include: a) a televised meeting and press conference with Haris Silajdzic, Co-Prime Minister of BiH (September 1998); b) televised meetings with Selim Beslagic, Mayor of Tuzla (June, September and October 1998); c) televised meeting with Hazim Vikalo, Prime Minister of TPK (September 1998) and d) televised coverage of CUI's forum on strategic planning and economic development (10, 11 December 1998). In each of these activities, the CIDA/CUI initiative was welcomed and broad support for the project was obtained. In particular, the co-Prime Minister of BiH was effusive in his admiration of Canada's program of assistance which he believe was based on a sympathetic mix of private enterprise and social responsibility.
- ***The project Steering Committee (SC) and the project management team have been established*** to oversee the work of the project and to act as a participatory forum for providing strategic advice on its implementation. Membership on the SC includes the Canadian Embassy in Sarajevo, the Federation Ministry of Urbanism, the Economic Institute of the University of Tuzla, TPK (Ministry of Urbanism and Ministry of Reconstruction and Development, City of Tuzla, IUT, CUI and the Institute of Urbanism and Architecture, Sarajevo. The first meeting of the SC took place in

October 1998.

- ***A cooperation agreement was signed in October 1998,*** setting forth the obligations and responsibilities of the two partner organizations. The signing ceremony received widespread media attention.
- ***The "Forum on Strategic Planning -- Vision of Cantonal and Municipal Development" was held over two days in December 1998*** for approximately 75 participants from local government, professional institutes, NGOs and private business associations. Also in attendance, was also a group of professionals from Una Sana Canton (their participation was supported by UNOPS). Of particular interest is that a significant number of forum participants were from local governments in the RS (participants also came from Brcko, a municipality under international arbitration). The forum was hosted (and funded) by the CUI, IUT and the NSU (a Bosnian NGO committed to refugee return and information management for government and small and medium business owners). The forum was led by Ed Sajecki (General Manager for the City of Burlington, Ontario and CUI Advisor) on the topics of local governance trends, participatory strategic planning and local economic development. Bosnian professionals also spoke about planning and economic development in Bosnia, as well as on data base management and developing the Internet to be an economic development tool. The forum was held in Bosnian and in English (through simultaneous interpretation), televised extensively and videotaped. Facilitated discussions held during the roundtable sessions of the forum also provided input into the design of the project's training modules.
- ***Ed Sajecki*** (volunteer local government professional) ***conducted in December 1998 a series of workshops and informal meetings with key stakeholders to design the project's capacity building programs as well as provided informal job-coaching and professional advice*** to key representatives from the City of Tuzla, the Canton and the Institute for Urbanism in the areas of economic development and strategic planning.
- ***The first draft of the contextual analysis on the state of local governance in the Tuzla region and early identification of capacity building needs has been completed.*** IUT staff, with the assistance of CUI's Local Project Manager, is expected to finalize the contextual analysis during the next reporting period.
- ***The capacity building needs of the training modules have been determined*** as follows: a) strategic planning; b) economic development, c) official plan formulation and d) project and plan implementation. A Canadian professional (the Director of Alternative Service Delivery for the City of Ottawa) has been identified to lead and coordinate the training modules and will be travelling to the project in February 1999 on assignment to further define needs, begin designing the modules and setting dates for subsequent workshops and training sessions.
- ***The CBiHCP's Local Project Manager is providing ongoing guidance and strategic advice*** to IUT staff in the areas of intergovernmental cooperation, strategic planning, economic development, private-public sector partnerships and municipal budgeting. During the last quarter he also provided guidance in the areas of urban design and transportation planning.
- ***Strong linkages have been established with several international and Bosnian organizations.*** These include: a) Tuzla Agency for Local Development Initiatives (TALDI). TALDI assists small to medium sized enterprises through a business resource centre and other activities. CUI is currently exploring with TALDI (along with the City of Tuzla, the TPK, IUT, NSU and the Local Democracy Embassy) the potential for jointly establishing a local development council for

information exchange and to coordinate local development initiatives; b) the National Support Unit (NSU) trains local government officials, provides computer equipment to selected government offices, establishes data bases and Internet sites, and works with local business associations. NSU partnered with CUI and IUT in coordinating and funding the December 1998 "Forum on Strategic Planning -- Vision of Cantonal and Municipal Development"; c) United Nations Office for Project Services (UNOPS) executes programs for community, economic and sustainable development in the Una Sana Canton. UNOPS supported a group of its partners to participate in CUI's December Forum and would like to continue doing so for future activities.

- ***The project is also coordinating with other international and local organizations*** to ensure complementarity and to explore areas of future collaboration. In particular, CUI is coordinating with: the International Council of Voluntary Agencies (ICVA), an international NGO which provides a clearing-house function, supporting and coordinating the efforts of NGOs and IOs and other agencies such as OHR, UNHCR, OSCE (with respect to municipal infrastructure finance and implementation training), the National Democratic Institute (NDI) in their democratization work and the World Bank (the World Bank is establishing a municipal development program and are interested in exploring CUI involvement in it). CUI is also participating in Tuzla Region Reconstruction and Return Task Force meetings.

3.2 Outputs

- The ***Forum on Strategic Planning -- Vision of Cantonal and Municipal Development*** provided exposure of key urban management concepts such as strategic planning, economic development, stakeholder participation in planning and intergovernmental cooperation to over 70 professionals from the TPK, Una Sana Canton and other areas in Bosnia.
- ***A multi-stakeholder steering committee was established*** to ensure the program addresses local needs and to eventually provide coordination support after the completion of the Canadian program.
- ***Project and financial management systems are in place*** (including a workplan, staffing and a draft CUI-IUT cooperation agreement) to allow CUI and IUT to implement the project in an efficient and effective manner in a spirit of cooperation.
- ***Information on Canada's first local government capacity development program in BiH has been disseminated in the local media***, raising awareness of local stakeholders and international agencies to the Canadian presence and objectives.
- ***Exposure of local stakeholders to new ideas in local governance as well as assistance in defining their own capability-building needs.***

3.3 Outcomes and Impacts

- An increased awareness among local and cantonal authorities of the need for transparency, stakeholder participation and sound planning in the management of their affairs.

3.4 Planned Activities for Next Reporting Period

- ***The contextual analysis will be finalized*** to define the state of local governance in the Tuzla region and to set forth needs with respect to capability building.
- ***A Canadian professional leading the development of the training modules will be undertaking an assessment mission in February 1999*** to begin developing the materials and set dates for the delivery of the training.
- ***Detailed case study research and beginning the development of the training modules*** will commence.
- ***Ongoing professional advice and job coaching of IUT staff by Canadian Local Project Manager Mort Jackson in areas such as intergovernmental cooperation, strategic planning, budgeting, economic development, public-private partnerships.***

- ***A proposal to fund some of the hard expenses related to the delivery of the training modules*** will be submitted to the Fiscal Decentralization for Central and Eastern Europe (FDI-CEE). It is anticipated that approval will be granted before April 1999.
- ***An informal early project evaluation mission will be undertaken*** during the next reporting period by the Canadian Embassy in Sarajevo.

3.5 Cross-Cutting Themes: Integration of Women into Program Activities

There is growing recognition both of the critical roles of women in the development process and of the need to address inequities that exist between genders in this process. Involving women as actors, fully engaged in decision-making, management, planning, implementation and monitoring and evaluation at the local level, can only lead to more equitable, effective and sustainable governance. The aim should be to strengthen governance by making systems more open, accessible and inclusive for women.

The CUI puts special emphasis in ensuring that its activities have a positive effect on women in the partner countries. The CUI is committed to ensuring gender equity in representation and participation in the program. During the first forum in December 1998 led by Canadian urban management specialist Ed Sajecki, the CUI, together with IUT, monitored and analyzed the accessibility and level of involvement of women in the event. It was found that there is strong participation of women in the training activities, as well as in the management of the project (most of the key staff of the IUT are women).

3.6 Program Monitoring and Evaluation

The CUI has developed a monitoring and evaluation system to measure and analyze the program's outputs, reach, outcomes and impacts according to indicators identified in the RBM framework of the contribution agreement.

4. IMPLEMENTATION CHALLENGES

The purpose of this section of the report is to provide analysis of some of the main challenges to implementing this technical cooperation program in Bosnia and Herzegovina, and to indicate ways in which CUI's approach to achieving results has been or needs to be adapted to address local imperatives.

Challenges to Involving the Canton in the Program

A number of unresolved issues and uncertainties in the leadership and staffing of the TPK have been making it challenging to involve the canton in the program thus far. The President of TPK only assumed his position in October 1998. It is expected that a Minister of Urbanism and a Minister of Reconstruction and Development will be appointed at the end of January 1999. This has created a leadership vacuum at the most senior level resulting in a paralysis in executive decision-making. Other things are also exacerbating this environment of uncertainty. First, a general ambiguity of the roles and responsibilities of this newly created level of government exists. The City of Tuzla continues to play its traditionally strong role as the local government in the urban region despite the stronger role mandated to the canton by the Dayton Accord. Second, the canton has a very small staff, which is an impediment to it moving to a higher administrative and service delivery role. In addition, there are rumours of corruption within the SDP party in the TPK.

The CUI/IUT are taking every opportunity to involve the canton, despite these constraints. On a positive note, the IUT has emerged as the joint planning arm of both the canton and the city over the last two years. Although this relationship has not yet been operationalized at the cantonal level, it is expected that once the leadership issues are solved that the IUT will play a very important role in future development. Capability building of IUT professionals bodes well in this scenario.

BiH in beginning of transition process from "aid-recipient" orientation that is prevalent under reconstruction to a "partnership" orientation that is required for effective technical cooperation programs for development.

Although there is progress in this regard, the CUI-IUT needs some time to develop a mutual understanding and appreciation of the partnership approach to development that is required under technical cooperation programs such as this one. Other international agencies operating in BiH are experiencing the same challenge. Bit by bit we are seeing a change in mindset within the IUT.

CUI Establishing Strategic Partnerships with Other Groups to Offset the Higher than Anticipated Operating Costs in BiH.

The original budget was prepared during the assessment mission and design period (Summer 1997). Certain factors have resulted in inflationary pressures on prices since then, especially for foreign entities operating in BiH. The cost of local human resources (especially English-speaking Bosnians) has risen substantially because of the well-above-market-ratespaid by certain international agencies for people with the right organizational and linguistic skills. The costs of transportation and accommodation have also seen dramatic increases since mid-1997 when the CUI-CIDA team first undertook its assessment. The Deutshe Mark (the official BiH currency, the Konvertible Mark is pegged one to one against the Deutshe Mark) has become considerably stronger against the Canadian Dollar, again effectively increasing our operating costs. Also, Bosnian banks are charging exorbitant services charges, which are impacting the cost of project operations.

CUI is making every effort to implement the project within the existing approved budget by attempting to: a) find savings wherever possible in other budget lines., and b) create strategic linkages and

synergies with other international organizations. In fact, the situation has provided CUI with the excellent opportunity to partner with other organizations, and effectively increasing the impact of the program (by including other audiences). For example, the NSU provided funding for the December 1998 forum and invited their network of local business and local government professionals from Tuzla, Brcko and Bijlejina to participate. CUI is also seeking funding from the Fiscal Decentralization Initiative of Central and Eastern Europe to help fund the delivery of subsequent training seminars.

Annual Elections Necessitate Adjusting the Implementation Schedule of the CBiHCP.

The September 1998 national and cantonal elections, together with the slow summer vacation period in BiH, effectively delayed many of the implementation activities in the program during the first quarter (June to September 30, 1998). The CUI revised the workplan accordingly and program is back on schedule. The workplan has also been modified to account for the possible September 1999 municipal elections (which have yet to be announced).

APPENDIX B:

Agenda: Forum on Strategic Planning -- Vision of Cantonal and Municipal Development, December 10-11, 1998, Tuzla, BiH

FORUM ON STRATEGIC PLANNING -- VISION OF CANTONAL AND MUNICIPAL DEVELOPMENT
December 10 and 11, 1998, Hotel Tuzla, Tuzla, Bosnia and Herzegovina
Hosted by: Canadian Urban Institute, National Support Unit and the Institute for Urbanism Tuzla

Thursday, December 10, 1998

Time	Duration		Activity	Who	Objective	Partic. Profile
930	20 min	plenary	Welcome and Introduction	Zehra Morankic Lisa Cavicchia Selim Beslagic Hazim Vikalo	Greet the participants and introduce agenda	All participants
950	45 min	plenary	Trends in Local Governance World-wide trends in local governance Impacts of new Bosnian self-governing law	Ed Sajecki Jasmin Imamovic, Secretary, City of Tuzla Mirza Kusljugic, President, TALDI	Identify trends in local governance and implications for TPK and municipalities	Municipal and Cantonal Representatives
1035	10 min		Coffee Break			
1045	60 min	workshops	Facilitated Group Discussion	Facilitators from BOSPO	Gain a common understanding of intergovernmental issues in TPK and identify strategies to improve coordination	
1145	30 min		Report on group discussion			
1215	1 hr 30 min		Lunch			
1345	60 min	plenary	Participatory Strategic Planning Purpose, methodologies, resource requirements		Overview of experiences and initiatives being undertaken in Canada, Europe and other parts of BiH	Local planners and local government officials
1445	10 min		Coffee Break			
1455	60 min	workshops	Facilitated Group Discussion	Facilitators from BOSPO	Estimate validity of strategic planning as a management tool and ascertain degree of commitment to process	
1555	30 min		Report on group discussion			
1625	End of workshop Day 1					
1930	Dinner hosted by TPK President					

Friday, December 11, 1998

Time	Duration		Activity	Who	Objective	Partic. Profile
930	50 min	plenary	Local Economic Development Role of municipal gov't in N.America Overview of economic conditions for business in TPK	Ed Sajecki Bajro Golic, Private Business Association	Overview of the role of government in economic development in North America	Municipal executives and local business persons
1020	30 min	plenary	Other local economic development initiatives in Bosnia	Mitchell Carlson, UNOPS	Overview of other initiatives within BiH	Municipal executives and local business persons
1050	10 min		Coffee Break			
1100	60 min	workshops	Facilitated Group Discussion	Facilitators from BOSPO	Obtain an overview of existing economic conditions and aspirations and the roles of local gov't in that	Municipal executives and local business persons
1200	30 min		Report on group discussion			
1230	1 hr 30 min		Lunch			
1400	40 min	plenary	Internet as a Business Development tool - overview of business network - commercial and business development through the Internet	Private Business Association National Support Unit	Present the possibilities of the Internet as a tool for commercial and business development	Private business representatives, Chamber of Commerce, local economic development departments
1440	1 hr 20 min	workshops	Facilitated Group Discussion	Facilitators from BOSPO	Obtain an overview of information businesses and gov't need when developing strategies & introduce the concept of the Internet as an information tool.	Private business representatives, Chamber of Commerce, local economic development departments
1600	15 min		Workshop wrap-up	Zehra Morankic, UIT Lisa Cavicchia, CUI Craig Mason, NSU	Draw conclusions & next steps	
1630			Cocktail Party hosted by Tuzla Podrinje Canton			